

## **Moving Forward**

Mr. Chairman, Senator Grassley, other Members of the Committee, your hearings come at an important moment.

We are facing the danger of a dead-end on trade legislation. Those of us who want expanded trade need to take notice.

The fast track/trade promotion authority bill introduced by House leadership represents both a denial of the changing nature of trade and of the need for bi-partisanship. It would also diminish, rather than enhance, the role of Congress during the negotiating phase, compared with the last fast track bill approved in 1988. It moves us backward, not forward.

Contrary to what one of my House Republican colleagues said on the introduction of the Crane bill, this **is** a “thinking thing.” The issues are complex. International trade has gone global, increasingly including evolving economies, often with far-from-free markets and weak rule of law. The rules of engagement now require that international trade address new issues. Any proposal that excludes these issues like the Crane bill – or other proposals that marginalize them – will not move us ahead.

There is a way forward – and it’s on the path we started down last year, with the Africa-CBI legislation, the China-PNTR bill, and the Jordan FTA, and the Cambodia textiles and apparel agreement. In each of these initiatives, we went beyond simply trying to expand trade – we expanded it **and** started trying to shape it. We looked upon trade as a tool, not an end in and of itself.

- ▶ In the CBI legislation, we included elevated labor standards as a condition for receipt of enhanced trade benefits.
- ▶ In the case of Jordan, the Clinton Administration, after consultation with Congress, included labor and environmental provisions committing each country to uphold its own laws, and made those commitments enforceable in the same manner as other provisions.
- ▶ In the case of Cambodia, an increase in textile and apparel quota was held out as a positive incentive for that country to strengthen labor standards.
- ▶ Finally, in China-PNTR, we took account of the huge size of that country, its different economic structures, and its lack of rule of law, and decided that mechanisms needed to be created for overseeing China’s further integration into the global economy. The result was the establishment of the Congressional-Executive Commission, the codification of the toughest import safeguard mechanism on the books, and additional measures to move China toward a society based on the rule of law.

What do each of these have in common? We tackled the tough issues, rather than trying to finesse them. We came up with innovative policies, rather than clever strategies. And we did each by working together, across the aisle, and across the Capitol.

### **The Administration and House Leadership Are On the Wrong Path**

Unfortunately, so far, that is not the approach being taken this year. We are not getting the policy right, and, not coincidentally, we are not moving forward.

The President's statement on Monday to a group of agricultural leaders illustrates the problem. In a speech on the importance of TPA, the President made several assertions that reinforced the misconceptions on which the Crane bill is based.

1. The President stated that he wanted "a trade promotion authority bill ... that's not laden down with all kinds of excuses not to trade."

Dealing effectively with the role of labor and environmental standards in trade is neither "an excuse not to trade" nor a new form of protectionism. We have to incorporate these issues because of their very relevance to international economic competition. Developing countries themselves recognize the connections, and see the need to address them. In a recent *New York Times* article, for example, the President of El Salvador states, "[t]he difficulty in this region is that there is labor that is more competitively priced than El Salvador" in explaining the difficulties El Salvador has in raising its labor standards.

2. President Bush goes on to state that "if you're a poor nation, it's going to be hard to treat your people well."

When poor nations abide by core labor standards (to which most have agreed in the International Labor Organization), their people are helped, not hurt. And it means something to the workers in industrialized countries with whom they may be competing. It is mutually beneficial. It is misguided to argue that poor nations can't afford to allow their workers the right to associate and bargain.

3. As to environmental standards, the President stated that "if you're a poor nation, it's going to be hard to have good environmental policy."

Among other things, this does not square with his rationale for withdrawing U.S. support for the Kyoto Treaty on Global Warming. In announcing the withdrawal, President Bush offered this explanation: "It exempts the developing nations around the world and is not in the United States' economic best interest."

4. The President concludes that "trade is the best way to eliminate poverty, therefore our trade agreements ought to be free from codicils which prevent us from freely trading."

This statement of the President, I hope, can stimulate a forthright and respectful debate about whether in addition to more trade we need to shape its terms, in order to preserve our own economic interests and assist the elimination of poverty and the spread of democratic values. Globalization is here to stay. The question is whether we should blindly embrace it or seek to shape it to the benefit of U.S. workers, farmers and businesses.

### **Getting Back on the Right Track**

There is a way back from the brink.

A first step toward doing that would be to act immediately on two outstanding trade issues – passage of implementing legislation for the U.S.-Jordan Free Trade Agreement, and approval of the U.S. - Vietnam Bilateral Trade Agreement with an indication to address labor issues in any subsequent textile-apparel agreement. This might regain momentum of action on both expanding and shaping trade, and building confidence to help move on to the issues involved in crafting and approving fast track legislation.

The second step is that fast track/ TPA needs to take full account of the changed realities in each aspect of fast track: the negotiating objectives, the congressional-executive consultation and collaboration process, and the approval process. In short, we need a state-of-the-art framework for congressional-executive collaboration to expand and shape international trade and commerce.

In my judgment, in the year 2001, trade legislation with all of the issues now embedded in it cannot be railroaded through the U.S. Congress; if it were to happen on basically a partisan basis, it would be winning a battle, but losing a war. The answer is a genuine effort to place new trade policy on the right track.